

Item No. 5.1	Classification: Open	Date: February 21 2007	Meeting Name: Council Assembly
Report title:		Policy and Resourcing - The Council's 2007/08 Revenue Budget (The Budget and Policy Framework)	
Wards or groups affected:		All	
From:		Finance Director	

RECOMMENDATION

That Council Assembly:

1. Agree the recommendations of the Executive for a General Fund budget and Council Tax increase for 2007/08 (see attached report).

BACKGROUND INFORMATION

2. On the February 13 the Executive will consider a report on the Council's revenue budget proposals for 2007/08. A copy of this report is appended for information (appendix 1). The Executive, at this meeting, will determine the General Fund revenue budget and Council Tax recommendation for Council Assembly. This recommendation will be circulated to all members following the meeting.
3. The report proposes a Council Tax increase of 3.9%, for Southwark's element of the Council Tax, and a General Fund revenue budget of £292.308m.

KEY ISSUES FOR CONSIDERATION

Resources 2007/08

4. Assuming a 3.9% increase in Council Tax for 2007/08 as per the recommendation in the Executive report February 13 2007, the resources available to the Council are:

	£'000
Income from Formula Grant and NNDR (excluding income from amending reports)	211,801
Income from Council Tax – assuming 3.9% increase	80,507
Total Revenue Resources Available	292,308

Revenue Budget 2007/08

4. The following table sets out the proposed budget for 2007/08:

	£'000
Revised 2007/08 budget (updated for inflation and commitments)	301,898
Identified savings, efficiencies and additional one off income	(10,390)
Growth	800
Total 2006/07 Budget Requirement	292,308

5. In allocating budgets across core functions, the Executive continues to meet existing policy commitments, as expressed through *Southwark 2016*, with particular emphasis on demand pressures within adult social care, children's services, waste management, planning & community safety. It is only as a result of the drive for continuous efficiency and effective management of resources that the Council can continue to achieve its overall objectives within the limitations of the resources available.

Council Tax

6. All local authorities are required to set their Council Tax by March 11 2007. Given this timescale, it is difficult at this stage to provide comparative information for 2007/08. This Council will set its own Tax on February 21 2007 (the date to which this report refers). As in previous years, any delay to this date will mean the Council would have to move its instalment date beyond the April 1. This would result in a loss of income to the Council from cash flow and could also put at risk the ability of the Council's contractor to meet its collection targets with the resulting cost to the Council.
7. In proposing an increase of 3.9% in Council Tax for 2007/08, Southwark's Council Tax will have increased by 13% in the last five years. This is significantly lower than the average London increase over the same period. The general trend in comparative data on Council Tax for the last few years is given in the table below. Southwark's Council Tax is now 10.6% below the national average and 6.7% below the London average in 2006/07.

GLA Precept

8. The Mayor of London's consolidated budget for 2007/08 is to be presented and approved by the London Assembly on the February 14 2007. The proposal put out for consultation shows a potential 5.29% increase. Subject to approval by the London Assembly and the decision of this meeting, the table sets out the indicative overall increase in Council Tax:

	2006/07	2007/08	Increase
GLA precept	£288.61	£303.88	5.29%
Southwark precept	£844.14	£877.06	3.90%
Total band D Council Tax	£1,132.75	£1,180.94	4.25%

Council Tax Comparisons - 2002/03 to 2007/08

Local authority	Band D Council Tax for the authority	Increase in Council Tax for the authority	Band D Council Tax For the authority including GLA precept	Increase in Council Tax for the Authority including GLA precept
	£	%	£	%
2007/08				
England	N/A	N/A	Not available	Not available
Greater London	Not available	Not available	Not available	Not available
Southwark	877	3.9	1,181	4.3
2006/7				
England	N/A	N/A	1,268	4.5
Greater London	926	2.0	1,215	4.6
Southwark	844	0.0	1,133	3.1
2005/06				
England	N/A	N/A	1,214	4.0
Greater London	908	3.4	1,161	3.8
Southwark	844	1.8	1,099	2.6
2004/05				
England	N/A	N/A	1,167	5.9
Greater London	878	5.3	1,119	5.8
Southwark	829	2.3	1,071	3.5
2003/04				
England	N/A	N/A	1,102	12.9
Greater London	834	15.5	1,058	18.2
Southwark	810	4.3	1,034	8.9
2002/03				
England	N/A	N/A	976	8.2
Greater London	722	4.6	895	6.4
Southwark	776	3.6	950	5.6

Community Impact Statement

9. This report outlines budget proposals for Council services following the final local government settlement. It is recognised that in drawing up detailed proposals following on from the budget approval the impact on the community of any potential change in service design, outcomes or access will need to be addressed in future Executive reports.

Consultation

10. The necessary consultation requirements have been undertaken.

Legal Implications

11. The statutory requirement to calculate and agree the Council's annual budget of the Local Authority is derived from section 32 of the Local Government Finance Act

1992("the 1992 Act"). Section 65 of the 1992 Act imposes a duty on the Council to consult with representatives of the business ratepayers in the Borough before making the calculation required under section 32 of the 1992 Act.

12. Section 67 of the Act provides that the Council Assembly must make final decisions on the budget and council tax level for 2007/2008. The functions cannot be delegated to the Executive or to a Committee. This provision is reflected in the Council's Constitution Article 4.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
Policy and Resourcing Strategy and budget working papers	Town Hall	Cathy Doran, extension 54396 Stephen Gaskell, Extension 57293

APPENDICES

No.	Title
Appendix 1	Executive Report (February 13 2007) Policy and Resourcing - The Council's 2007/08 Revenue Budget (The Budget and Policy Framework)

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Finance Director	
Report Author	Simon Hughes, Assistant Finance Director Cathy Doran, FMS Stephen Gaskell, Corporate Planning and Performance	
Version	Final	
Dated	February 9 2007	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor	Yes	Yes
Director of Finance	Yes	Yes
Executive Member(s)	Yes	No
Date final report sent to Constitutional Support Services	February 9 2007	